

109TH CONGRESS
2D SESSION

H. R. 5984

To establish a program to reunite bondholders with matured unredeemed
Federal savings bonds.

IN THE HOUSE OF REPRESENTATIVES

JULY 28, 2006

Mr. CAMP introduced the following bill; which was referred to the Committee
on Ways and Means

A BILL

To establish a program to reunite bondholders with matured
unredeemed Federal savings bonds.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Unredeemed U.S. Sav-
5 ings Bond Return Act of 2006”.

6 **SEC. 2. PROGRAM TO REUNITE BONDHOLDERS WITH MA-**
7 **TURED UNREDEEMED FEDERAL SAVINGS**
8 **BONDS.**

9 (a) OWNER LOCATION AND CLAIMS.—

1 (1) IN GENERAL.—Not later than 180 days
2 after the date of the enactment of this Act, the Sec-
3 retary of the Treasury shall prescribe regulations
4 providing that States may enter into owner location
5 and claims agreements with the Secretary for the
6 purposes of locating owners of specified unredeemed
7 savings bonds, identifying such owners to the Sec-
8 retary, and processing and verifying claims for the
9 redemption of such savings bonds. Such regulations
10 shall provide 1 year (beginning with the date of pub-
11 lication of such regulations) for the agency with re-
12 sponsibility for administration of unclaimed property
13 to enter into an owner location and claims agree-
14 ment with the Secretary. If no such agreement is en-
15 tered into during such year, such agency or the chief
16 executive of the State shall have 6 months (begin-
17 ning at the end of such 1-year period) to enter into
18 such an agreement with the Secretary. If, at the end
19 of such 6-month period, no agreement has been en-
20 tered into, the Secretary shall conduct owner loca-
21 tion and claims processing with respect to such
22 State.

23 (2) OWNER LOCATION AND CLAIMS AGREE-
24 MENTS.—Each owner location and claims agreement
25 shall be substantially the same for each State and

1 shall provide for the following with respect to speci-
2 fied unredeemed savings bonds assigned for proc-
3 essing to such State:

4 (A) PROVISION OF RECORDS TO STATES.—

5 The Secretary shall provide the State or its rep-
6 resentative such records with respect to such
7 bonds as the Secretary determines are nec-
8 essary or appropriate to carry out the purposes
9 of this section.

10 (B) WRITTEN NOTIFICATION TO BOND-

11 HOLDERS OF RECORD.—The State or its rep-
12 resentative shall mail to each owner of record of
13 such a bond, with respect to whom an address
14 suitable for the delivery of mail is determined
15 under subsection (b), a written notification re-
16 garding the existence of such bond and that
17 such bond is no longer earning interest.

18 (C) ADDITIONAL NOTIFICATION EFFORTS;

19 RESTRICTIONS.—The State or its representative
20 shall make such additional efforts to locate the
21 owners of such bonds as the Secretary may pro-
22 vide. The Secretary may provide for such re-
23 strictions on efforts utilized to locate such own-
24 ers as the Secretary determines appropriate, in-

cluding any restrictions on the use of commercial locator services.

(D) CLAIMS PROCESSING AND VERIFICATION.—The State or its representative shall receive, process, and verify claims for such bonds and shall transmit to the Secretary verified claims.

(E) REUNIFICATION PAYMENTS TO STATES.—Subject to the limitation of subsection (c)(4)(B), the Secretary shall direct the Federal depositary referred to in subsection (c) to pay the State a fee each month equal to 25 percent of the amount paid under subsection (c)(3) during the preceding month with respect to bonds verified by such State. Any fee otherwise payable under this subparagraph shall be reduced by the amount of any payment made under subparagraph (F).

(F) ADVANCE PAYMENT OF STATE ADMINISTRATIVE COSTS.—Subject to the limitation of subsection (c)(4)(B), the Secretary shall, upon request from the State, direct the Federal depositary referred to in subsection (c) to pay the State such amount as the Secretary determines reasonable for the estimated cost of the State

1 to carry out activities pursuant to this sub-
2 section. The aggregate amount paid to the
3 State under this subparagraph may not exceed
4 5 percent of the aggregate amount which would
5 be paid from the redemption account if all the
6 specified unredeemed savings bonds assigned to
7 the State were redeemed.

8 (b) EXAMINATION OF BOND RECORDS; ESTABLISH-
9 MENT OF DATABASE.—Not later than 90 days after the
10 date of the enactment of this Act, the Secretary shall enter
11 into a cooperative agreement (within the meaning of sec-
12 tion 6305 of title 31, United States Code) with the State
13 coordinator which provides for the following with respect
14 to the specified unredeemed savings bonds:

15 (1) ACCESS TO BOND RECORDS.—The Secretary
16 shall provide the State coordinator with full access
17 to records related to such bonds.

18 (2) COMPILATION OF INFORMATION.—The
19 State coordinator shall compile relevant information
20 with respect to such bonds and make the results of
21 such compilation available to the Secretary for the
22 Secretary's review and concurrence.

23 (3) ASSIGNMENT OF BONDS TO STATES FOR
24 PROCESSING.—The State coordinator shall make a
25 recommendation to the Secretary regarding to which

1 State each bond should be assigned for processing
2 under subsection (a). Such recommendation shall be
3 based on the registered owner's address of record as
4 determined in accordance with Government Auditing
5 Standards for relevance, competence, and suffi-
6 ciency. The Secretary shall make the final deter-
7 mination regarding the State to which each bond is
8 assigned for processing after taking into account the
9 recommendation of the State coordinator. Such de-
10 termination by the Secretary shall be conclusive and
11 shall not be subject to judicial review.

12 (4) SEARCHABLE DATABASE.—After the Sec-
13 retary concurs with the information compiled under
14 paragraph (2), the State coordinator shall establish
15 a searchable database which includes such informa-
16 tion with respect to each bond and the State to
17 which each bond is assigned for processing. The
18 State coordinator shall update the information con-
19 tained in such database (including information indi-
20 cating which bonds have been redeemed) in such
21 manner as the Secretary may provide.

22 (c) AGREEMENT WITH FEDERAL DEPOSITARY.—Not
23 later than 90 days after the date of the enactment of this
24 Act, the Secretary shall enter into an agreement with a
25 Federal depositary which provides for the following:

1 (1) TRANSFER OF FUNDS.—The Secretary shall
2 transfer to the Federal depositary the excess of—

3 (A) the aggregate amount payable upon re-
4 demption of each specified unredeemed savings
5 bond, over

6 (B) the amount of tax withheld under sub-
7 section (d) with respect to such bond.

8 (2) SEPARATE ACCOUNT; INVESTMENT OF
9 FUNDS.—The Federal depositary shall establish and
10 maintain a separate account (the reunification ac-
11 count) which shall consist of amounts transferred
12 under paragraph (1) and any earnings thereon. The
13 Federal depositary shall invest amounts in such ac-
14 count in accordance with such standards as may be
15 specified by the Secretary.

16 (3) PAYMENTS ON REDEEMED BONDS.—The
17 Secretary shall notify the Federal depositary of any
18 redemption of a specified unredeemed savings bond.
19 The Federal depositary shall, promptly after notifi-
20 cation by the Secretary, make the appropriate pay-
21 ment from the redemption account with respect to
22 such redemption as directed by the Secretary and
23 notify the State coordinator that such bond has been
24 redeemed. The amount of any payment under this
25 paragraph with respect to the redemption of any

1 bond (determined without regard to this sentence)
2 shall be reduced by the amount of the tax withheld
3 under subsection (d) with respect to such bond.

4 (4) USE OF EARNINGS FOR ADMINISTRATIVE
5 EXPENSES, ETC.—

6 (A) IN GENERAL.—The Federal depositary
7 shall make the following payments as directed
8 by the Secretary:

9 (i) FEES OF FEDERAL DEPOSITARY.—
10 Payment of reasonable fees of the Federal
11 depositary for services provided by the
12 Federal depositary.

13 (ii) EXPENSE OF BOND EXAMINATION,
14 ETC.—Payment to the State coordinator
15 designated under subsection (b) for reason-
16 able costs in carrying out such subsection.

17 (iii) REUNIFICATION PAYMENTS TO
18 STATES.—Payment of the administrative
19 and reunification payments described in
20 subparagraphs (E) and (F) of subsection
21 (a)(2).

22 (iv) ADMINISTRATIVE COSTS OF
23 TREASURY.—Payment to the Secretary,
24 not in excess of \$5,000,000 for any fiscal
25 year, for the administrative costs of the

1 Department of the Treasury in carrying
2 out this Act.

3 (v) ACCOUNT EXCESS TRANSFERRED
4 TO GENERAL FUND.—Payment to the gen-
5 eral fund of the Treasury of such amounts
6 as the Secretary determines, from time to
7 time, are in excess of those necessary to
8 provide for the payments from the reunifi-
9 cation account which are required under
10 this Act (other than this clause).

11 (B) ADMINISTRATIVE COSTS LIMITED TO
12 REUNIFICATION ACCOUNT EARNINGS.—No pay-
13 ment may be made under subparagraph (A) if
14 such payment would result in the balance of the
15 reunification account being less than the excess
16 of—

17 (i) the aggregate amounts transferred
18 under paragraph (1), over

19 (ii) the aggregate payments made
20 from such account under paragraph (3).

21 (d) WITHHOLDING OF TAX ON UNCLAIMED INTER-
22 EST.—

23 (1) IN GENERAL.—The Secretary shall deduct
24 and withhold from any amount transferred under
25 subsection (c)(1) with respect to any bond a tax in

1 an amount equal to 33 percent of the amount which,
2 if such bond were redeemed, would constitute inter-
3 est.

4 (2) TREATMENT IN SAME MANNER AS WAGE
5 WITHHOLDING.—Except as otherwise provided by
6 the Secretary, for purposes of section 3403 and
7 3404 of the Internal Revenue Code of 1986 and for
8 purposes of so much of subtitle F of such Code (ex-
9 cept section 7205 of such Code) as relates to chap-
10 ter 24 of such Code, payments to any person under
11 subsection (c)(3) with respect to any bond subject to
12 withholding under this subsection shall be treated as
13 if such payments were wages paid by an employer to
14 an employee.

15 (e) REPORT TO CONGRESS.—The Secretary shall an-
16 nually report to the Congress regarding the program es-
17 tablished under this section. Such report shall include a
18 description of the actions taken under this section and the
19 amount and number of bonds redeemed pursuant to the
20 program during the preceding fiscal year. The report for
21 fiscal year 2016 shall include the recommendations of the
22 Secretary regarding the steps which should be taken with
23 respect to any specified unredeemed savings bonds still
24 outstanding and the balance of the reunification account.

25 (f) DEFINITIONS.—For purposes of this section:

1 (1) REUNIFICATION ACCOUNT.—The term “re-
2 unification account” means the account established
3 under subsection (c)(2).

4 (2) SECRETARY.—The term “Secretary” means
5 the Secretary of the Treasury.

6 (3) SPECIFIED UNREDEEMED SAVINGS
7 BONDS.—The term “specified unredeemed savings
8 bond” means each outstanding series E bond, except
9 that such bond shall not be treated as a specified
10 unredeemed savings bond until the later of—

11 (A) the end of the 1-year period beginning
12 on the date that such bond ceases to accrue in-
13 terest, or

14 (B) the date of the enactment of this Act.

15 (4) STATE.—The term “State” includes the
16 District of Columbia and any territory or possession
17 of the United States.

18 (5) STATE COORDINATOR.—The term “State
19 coordinator” means the eligible entity which is deter-
20 mined by the Secretary, after consultation with the
21 States, to be best suited to carry out the activities
22 described in subsection (b). For purposes of the pre-
23 ceding sentence, the term “eligible entity” means
24 any State (including any representative of a State)

1 or the National Association of Unclaimed Property
2 Administrators.

3 (g) CONFORMING AMENDMENT.—Subsection (b) of
4 section 1324 of title 31, United States Code, is amended
5 by striking “and” at the end of paragraph (1), by striking
6 the period at the end of paragraph (2) and inserting “;
7 and”, and by adding at the end the following new para-
8 graph:

9 “(3) refunds due from the credit provision of
10 section 2(d)(2) of the Unredeemed U.S. Savings
11 Bond Return Act of 2006.”.

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